
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

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WATCH OUT FOR INTERNET SCAMS

A scam is a scam, no matter where it appears, and that includes the high tech reaches of cyberspace. There's always someone out to make a quick buck, and the Internet has become the new frontier for scam artists.

The scams aren't new - just the medium. Fraudulent sellers use computer services to promote familiar schemes such as bogus stock offerings, high-tech investment opportunities, and credit repair services. Scams that have been around for years, such as phony ads, Nigerian letter scams, illegal pyramid schemes, and chain letters, appear to gain a certain legitimacy simply by appearing on a computer screen. These scams are illegal no matter how they are packaged.

Tip-offs to Fraud

The same things that cause concern in traditional print and broadcast media should be viewed with skepticism online. Here are some of the warning signs of questionable online advertising:

- Overstated claims of product effectiveness, such as "Cures or improves 27 different conditions: hypertension, some forms of cancer, age spots, ulcers, lowers weight..."
- Use of hype titles and frequent use of the word "hot" to describe an investment opportunity can indicate a scam.
- Exaggerated claims of potential earnings or profit, such as "We target a return of 2 to 5 percent per month (up to 60 percent per year)... on your protected principal. That is, YOUR PRINCIPAL IS GUARANTEED... no loss is possible."
- Claims of "inside information." Such information is almost always false and, if true, trading on it is almost always illegal.
- "Pump and Dump" promotions of cheap stocks promising high returns.
- Promotions for exotic investments such as ostrich farming, gold mining, or wireless cable TV.

Remember, the bottom line is: *Never* make a purchase decision regarding these kinds of investments or products based solely on information obtained from a single source --

electronic bulletin board, online chatroom, newspaper or direct-mail ad, or broadcast commercial. Be skeptical and check sources and references.

Consumers need to be vigilant as they venture into the field of electronic communications. You can avoid falling prey to scam artists by applying old-fashioned common sense to new technology.

You should be very cautious about giving out confidential information such as credit card or bank account numbers over the Internet. Legal jurisdiction in regard to cyberspace and Internet scams is still undetermined. It may be difficult, if not impossible, to recover lost money in these circumstances.

If you have a question or complaint about a suspect online ad or promotion, contact the Attorney General's Consumer Protection Division at 701-328-3404, or toll free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). You may also want to check out the National Fraud Information Center at <http://www.fraud.org/> or the National Better Business Bureau at <http://www.bbb.org/bbb/> on the World Wide Web.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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